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Indiana Public Retirement System

Prosecuting Attorneys' Retirement Fund

Actuarial Valuation as of
June 30, 2011

pwc

January 31, 2012

Board of Trustees
Indiana Public Retirement System
1 North Capitol, Suite 001
Indianapolis, IN 46204

Re: Certification of the Actuarial Valuations of the Indiana Public Retirement System as of June 30, 2011

Dear Board of Trustees:

Actuarial valuations are performed annually for the Indiana Public Retirement System ("INPRS") defined benefit pension plans ("Plans"). The results of the latest actuarial valuations, which were prepared as of June 30, 2011, are presented in individual valuation reports for each fund and were prepared pursuant to the engagement letter between INPRS and PricewaterhouseCoopers LLP ("PwC"), dated June 7, 2010. The reports are intended to provide the Board of Trustees ("Board") with information on the funded status of the Plans, development of the contribution rates, and certain financial statement disclosure information.

Under Indiana statutes, employer contribution rates are adopted annually for each Plan by the Board. These rates are actuarially determined based on the Board's funding policy and adopted actuarial assumptions. Contribution rates determined by the actuarial valuation become effective either twelve or eighteen months after the valuation date, depending on the applicable employer. For example, the rates determined by the June 30, 2011 actuarial valuation and adopted by the Board will become effective on either July 1, 2012 or January 1, 2013. If new legislation is enacted between the valuation date and the date the contribution rates become effective, the Board may adjust the recommended rates before adopting them, in order to reflect this new legislation. Such adjustments are based on information supplied by the actuary.

Financing Objectives and Funding Policy
In setting the contribution rates, the Board's principal objectives have been:

- To set contribution rates such that the unfunded actuarial accrued liability ("UAAL") will be amortized over a 30-year period.
- To set contribution rates such that they remain relatively level over time.

To accomplish this, the Board's funding policy requires that the employer contribution rate be equal to the sum of the employer normal cost rate (which pays the current year cost) and an amortization rate which results in the amortization of the UAAL in equal installments.

At the December 16, 2011 meeting, the Board resolved to discontinue the use of contribution rate smoothing rules previously employed for the Public Employees' Retirement Fund, the State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Plan, the 1977 Police Officers' and Firefighters' Pension and Disability Fund, and the Prosecuting Attorneys' Retirement Fund. For political subdivisions participating in the Public Employees' Retirement Fund, a systematic method for migrating all employers to a single contribution rate was adopted.

No membership growth is anticipated in setting the contribution rate. This is consistent with GASB #25, which prohibits anticipating membership growth in determining the minimum Annual Required Contribution ("ARC").

Progress Toward Realization of Financing Objectives
The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a Plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%. The combined funded ratio for all Plans decreased by 2.7% from the preceding year to 83.4%, primarily due to the delayed recognition of asset losses from 2008 - 2009 in the Actuarial Value of Assets, partially offset by asset gains since such time and changes to some of the actuarial assumptions pursuant to the experience study.

Benefit Provisions
The benefit provisions reflected in the valuation reports are those which were in effect at June 30, 2011, as set forth in the related Indiana statutes. None of the Plans had any material changes in benefit provisions since the 2010 valuation.

Assets and Member Data
The valuations were based on asset values of the trust funds and member census data as of June 30, 2011. All asset and member data was provided by INPRS. While certain checks for reasonableness were performed, the data was used unaudited. The accuracy of the results presented in the reports is dependent upon the accuracy and completeness of the underlying asset and census information.

Actuarial Assumptions and Methods
The actuarial assumptions used in the June 30, 2011 valuations were adopted by the Board pursuant to the Experience Studies of September 2011, which reflect the experience period from July 1, 2005 and June 30, 2010. The actuarial assumptions for interest rate, COLA, and amortization method were approved by the Board in September 2010 for use in the 2010 valuations. The actuarial assumptions and methods are summarized in the Actuarial Assumptions and Methods section of each valuation report. The actuarial assumptions and methods are reasonable for the purposes of the valuation reports and comply with the parameters set forth in Statements No. 25 and No. 27 of the Governmental Accounting Standards Board ("GASB"). Different assumptions and methods may be reasonable for other purposes. As such, the results presented in the valuation reports should only be relied upon for the intended purpose.

Certification
We certify that the information presented herein is accurate and fairly portrays the actuarial position of each Plan administered by INPRS as of June 30, 2011.

This report contains the required accounting information to be included in the Comprehensive Annual Financial Report. This information has been prepared in accordance with our understanding of Governmental Accounting Standards No. 25 and No. 27 (as amended by No. 50).

To the best of our knowledge this actuarial statement is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practice and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Indiana state law. The undersigned actuaries are members of the Society of Actuaries and other professional organizations, including the American Academy of Actuaries, and meet the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States relating to pension plans. There is no relationship between PwC and INPRS that may impair our objectivity.

This document was not intended or written to be used, and it cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. This includes penalties that may apply if the transaction that is the subject of this document is found to lack economic substance or fails to satisfy any other similar rule of law. This document has been prepared pursuant to an engagement letter between INPRS and PwC, and is intended solely for the use and benefits of INPRS and not for reliance by any other person.

Respectfully submitted,

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Fellow of the Society of Actuaries
Enrolled Actuary (No. 11-06229)

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HIGHLIGHTS OF THE ACTUARY'S REPORT

This report presents the results of the actuarial valuation of the Prosecuting Attorneys' Retirement Fund ("PARF") and has been prepared to present the current funded status of the Plan, contribution requirements for fiscal year 2013 (July 1, 2012 through June 30, 2013), and certain financial statement disclosure information. The valuation was performed using census data for plan members as of as of June 30, 2011 provided by INPRS, asset information as of June 30, 2011 provided by INPRS, the actuarial assumptions and methods approved by the Board and summarized in Section V, and the plan provisions effective June 30, 2011 as summarized in Section VI.

Contributions

PARF is a State appropriated fund. All employer contributions are made by the State of Indiana. The annual required contribution rate has increased from 9.32% for fiscal 2012 to 13.52% for fiscal 2013.

At the December 16, 2011 meeting, the Board resolved to discontinue the use of the contribution rate smoothing rules. Beginning with the June 30, 2011 valuation, the Board will request, at its discretion, state appropriations upon considering the results of the actuarial valuation and other actuarial analysis as appropriate.

Members of PARF contribute 6% of their compensation to the Plan. If a member terminates employment with less than 8 years of service, the accumulated contributions with interest can be withdrawn as a lump sum. When a member becomes vested with at least 8 years of service, the member account balance may not be refunded and is instead combined with the employee contributions in order to fund the member's future retirement annuity benefit.

Funded Status

The funded status of PARF is measured by the funded ratio, which is the ratio of the assets available for benefits to a benefit liability measure for PARF. While there are several such measures that could be appropriately used, the benefit liability measure that ties most closely to your funding strategy is the Actuarial Accrued Liability (“AAL”).

Using the Actuarial Value of Assets ("AVA"), an asset value that smoothes the market gains and losses over four (4) years, the PARF AAL funded ratio decreased from 53.2% at June 30, 2010 to 48.2% at June 30, 2011. The decrease is primarily due to the delayed recognition of previous asset losses in the Actuarial Value of Assets, as well as an increase in the AAL related to census experience.

Investment Experience

On a Market Value basis, from June 30, 2010 to June 30, 2011, PARF experienced an approximate investment return of 19.2%. However, on an Actuarial Value basis over the same time period, PARF experienced an approximate investment return of (1.0%). The negative investment return on the AVA can be attributed to the smoothing of prior losses that more than offset the gain on Market Value from June 30, 2010 to June 30, 2011.

HIGHLIGHTS OF THE ACTUARY'S REPORT (CONTINUED)

Cost-of-Living Adjustment

No increase in monthly benefits was provided to retired members, disabled members, or beneficiaries as of July 1, 2011.

Changes in Actuarial Assumptions

For the June 30, 2011 valuation, the Board approved the following assumption changes:

- The retirement rates were increased to 20% for ages 62 - 64 to reflect recent experience.

Changes in Plan Provisions

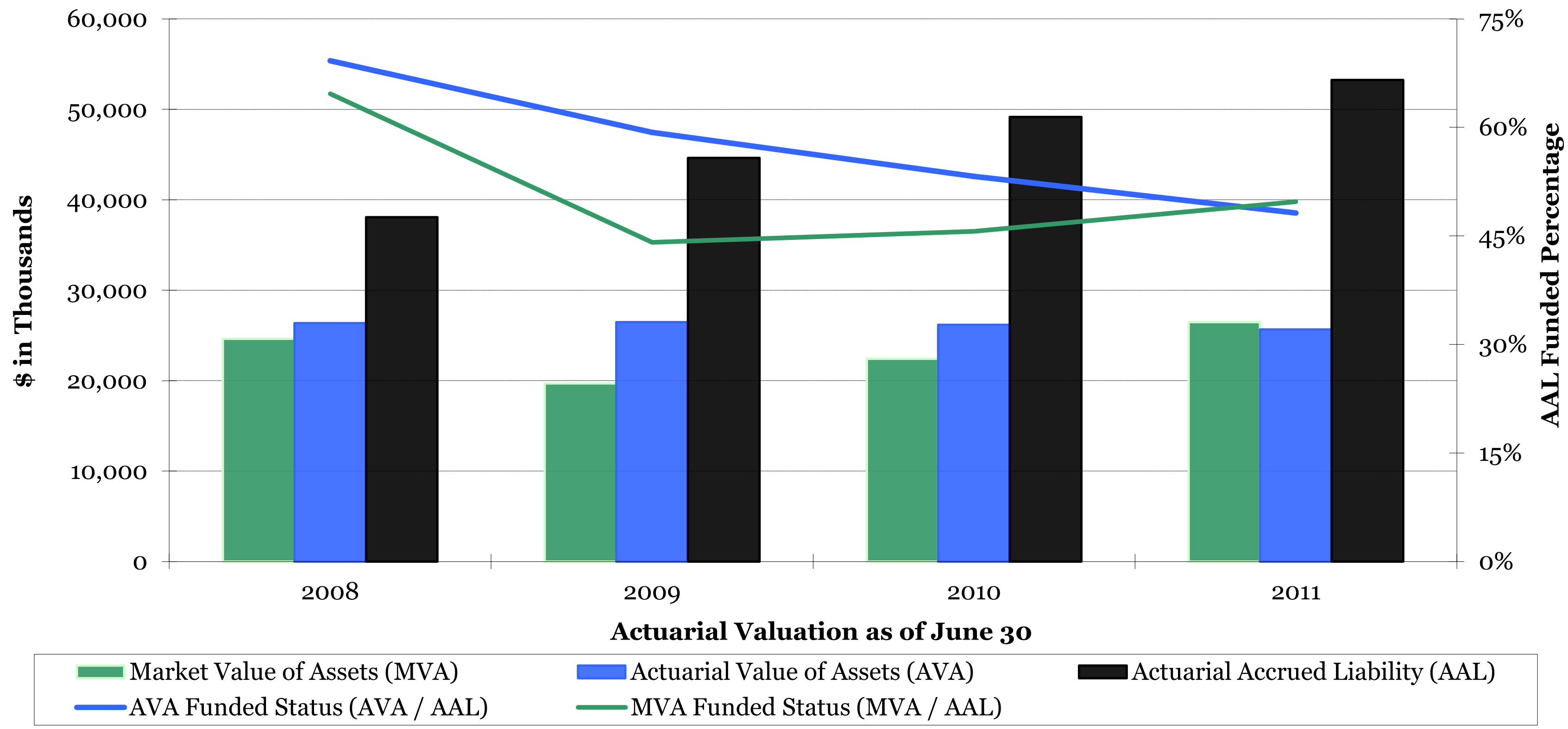
There have been no changes in the plan provisions since the June 30, 2010 valuation.

Changes in Actuarial Methods

At the December 16, 2011 meeting, the Board resolved to discontinue the use of the contribution rate smoothing rules.

HISTORICAL SUMMARY

PARF – 4 Year History of Funded Status [1]



Actuarial Valuation as of June 30:	**2008**	**2009**	**2010**	**2011**
Actuarial Accrued Liability (AAL)	$38,069.0	$44,632.2	$49,173.7	$53,252.4
Actuarial Value of Assets (AVA)	26,350.5	26,466.7	26,166.3	25,651.5
Market Value of Assets (MVA)	24,613.0	19,695.8	22,431.0	26,477.7
Unfunded Liability (AAL - AVA)	11,718.5	18,165.5	23,007.4	27,600.9
AVA Funded Status (AVA / AAL)	69.2%	59.3%	53.2%	48.2%
MVA Funded Status (MVA / AAL)	64.7%	44.1%	45.6%	49.7%

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

HISTORICAL SUMMARY (CONTINUED)

Summary of Valuation Results [1]

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Development of True Rate [2]				
Normal Cost (Beginning of Year)	$ 1,684,022	$ 1,550,463	$ 1,440,080	$ 1,381,736
Amortization of Unfunded Actuarial Accrued Liability	911,961	1,429,350	1,780,415	2,148,558
Interest Adjustment [3]	94,104	108,018	-	-
Employee Contributions	(1,231,332)	(1,218,694)	(1,260,966)	(1,084,919)
Total Contribution Amount	$ 1,458,755	$ 1,869,137	$ 1,959,529	$ 2,445,375
True Contribution Rate	7.08%	8.99%	9.32%	13.52%
Estimated State Appropriations [2]				
Contribution Rate [4]	6.50%	8.00%	8.75%	13.52%
Estimated State Appropriations [5]	$ 1,340,108	$ 1,662,570	$ 1,838,908	$ 2,542,470

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

[2] The rates and contribution amounts shown were developed on a funding basis only and do not reflect accounting requirements.

[3] Valuation results prior to June 30, 2010 included an interest adjustment to the middle of the year because the payroll used for computing contribution rates was not discounted to the beginning of the year.

[4] Prior to June 30, 2011, rates shown reflect application of the contribution rate smoothing rules. At the December 16, 2011 meeting, the Board resolved to discontinue the use of the contribution rate smoothing rules.

[5] Estimated State Appropriations prior to June 30, 2011 are based on actual payroll as of the valuation date. Estimated State Appropriations for June 30, 2011 are based on projected payroll for the applicable fiscal year.

HISTORICAL SUMMARY (CONTINUED)

Summary of Valuation Results (Continued) [1]

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Census Information				
Active				
Number	209	221	217	212
Average Age	47.7	47.6	48.4	48.0
Average Years of Service	16.8	14.4	9.7	9.0
Covered Payroll of Actives	$ 20,617,041	$ 20,782,123	$ 21,016,094	$ 18,081,976
Inactive - Vested				
Number	303	256	74	85
Average Age			56.4	54.9
Average Years of Service			12.0	12.3
Inactive - Non-Vested [2]				
Number			177	177
Retiree/Beneficiary/Disabled				
Number	26	50	58	76
Average Age			69.2	69.1
Annual Benefits Payable	$ 521,769	$ 1,031,799	$ 1,201,488	$ 1,617,923

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

[2] For June 30, 2011, inactive non-vested members entitled to a refund of their ASA account have balances totaling $3,072,232.

HISTORICAL SUMMARY (CONTINUED)

Summary of Valuation Results (Continued) [1]

	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011
Actuarial Accrued Liability (AAL)				
ASA Account Balance	$ 17,428,000	$ 19,239,000	$ 20,999,431	$ 21,591,820
Retiree/Beneficiary/Disabled	5,173,089	10,383,556	12,556,716	16,806,641
Active and Inactive	15,467,897	15,009,623	15,617,531	14,853,913
Total	$ 38,068,986	$ 44,632,179	$ 49,173,678	$ 53,252,374
Actuarial Value of Assets (AVA)				
ASA Account Balance	$ 17,428,000	$ 19,239,000	$ 20,999,431	$ 21,591,820
Retiree/Beneficiary/Disabled	5,173,089	7,227,675	5,166,895	4,059,642
Active and Inactive	3,749,367	-	-	-
Total	$ 26,350,456	$ 26,466,675	$ 26,166,326	$ 25,651,462
Market Value of Assets (MVA)				
ASA Account Balance	$ 17,428,000	$ 19,239,000	$ 20,999,431	$ 21,591,820
Retiree/Beneficiary/Disabled	5,173,089	456,819	1,431,529	4,885,921
Active and Inactive	2,011,882	-	-	-
Total	$ 24,612,971	$ 19,695,819	$ 22,430,960	$ 26,477,741
Unfunded Actuarial Accrued Liability: AAL - AVA				
ASA Account Balance	$ -	$ -	$ -	$ -
Retiree/Beneficiary/Disabled	-	3,155,881	7,389,821	12,746,999
Active and Inactive	11,718,530	15,009,623	15,617,531	14,853,913
Total	$ 11,718,530	$ 18,165,504	$ 23,007,352	$ 27,600,912
Funded Percentage				
ASA Account Balance	100.0%	100.0%	100.0%	100.0%
Retiree/Beneficiary/Disabled	100.0%	69.6%	41.1%	24.2%
Active and Inactive	24.2%	0.0%	0.0%	0.0%
Total	69.2%	59.3%	53.2%	48.2%
Summary of Assumptions				
Valuation Interest Rate	7.25%	7.25%	7.0%	7.0%
Salary Scale	4.0%	4.0%	4.0%	4.0%

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

FUNDING

SECTION II - FUNDING

A. Development of Funded Status

		June 30, 2010	June 30, 2011
1.	Actuarial Accrued Liability		
a.	Annuity Savings Account	$ 20,999,431	$ 21,591,820
b.	Retirees, Beneficiaries, and Disableds	12,556,716	16,806,641
c.	Actives and Inactives	15,617,531	14,853,913
d.	Total: (1)(a) + (1)(b) + (1)(c)	$ 49,173,678	$ 53,252,374
2.	Actuarial Value of Assets		
a.	Annuity Savings Account	$ 20,999,431	$ 21,591,820
b.	Retirees, Beneficiaries, and Disableds	5,166,895	4,059,642
c.	Actives and Inactives	-	-
d.	Total: (2)(a) + (2)(b) + (2)(c)	$ 26,166,326	$ 25,651,462
3.	Unfunded Actuarial Accrued Liability		
a.	Annuity Savings Account: (1)(a) - (2)(a)	$ -	$ -
b.	Retirees, Beneficiaries, and Disableds: (1)(b) - (2)(b)	7,389,821	12,746,999
c.	Actives and Inactives: (1)(c) - (2)(c)	15,617,531	14,853,913
d.	Total: (1)(d) - (2)(d)	$ 23,007,352	$ 27,600,912
4.	Funded Percentage		
a.	Annuity Savings Account: (2)(a) / (1)(a)	100.0%	100.0%
b.	Retirees, Beneficiaries, and Disableds: (2)(b) / (1)(b)	41.1%	24.2%
c.	Actives and Inactives: (2)(c) / (1)(c)	0.0%	0.0%
d.	Total: (2)(d) / (1)(d)	53.2%	48.2%

B. Unfunded Actuarial Accrued Liability Reconciliation [1]

		June 30, 2010	June 30, 2011
1.	Unfunded Actuarial Accrued Liability, Prior Year	$ 18,165,504	$ 23,007,352
2.	Unfunded Actuarial Accrued Liability (Gain) / Loss		
	a. Actuarial Value of Assets Experience	$ 4,127,414	$ 4,046,593
	b. Actuarial Accrued Liability Experience	(6,268,353)	919,273
	c. Additional Liability Due to Transition from Prior Actuary	3,869,322	-
	d. Additional Liability Due to Changes in Actuarial Assumptions	3,329,444	(77,777)
	e. Additional Liability Due to Changes in Plan Provisions	-	-
	f. Total New Amortization Bases: (2)(a) + (2)(b) + (2)(c) + (2)(d) + (2)(e)	$ 5,057,827	$ 4,888,089
	g. Amortization of Existing Bases	(215,979)	(294,529)
	h. Change in Unfunded Actuarial Accrued Liability: (2)(f) + (2)(g)	$ 4,841,848	$ 4,593,560
3.	Unfunded Actuarial Accrued Liability, Current Year: (1) + (2)(h)	$ 23,007,352	$ 27,600,912

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

C. Actuarial Accrued Liability Reconciliation

1.	June 30, 2010 Actuarial Accrued Liability	$	49,173,678	
2.	Normal Cost		1,440,080	
3.	Actual Benefit Payments		1,686,805	
4.	Interest of 7.00% on (1) + (2) - (3)/2		3,483,925	
5.	Expected June 30, 2011 Actuarial Accrued Liability: (1) + (2) - (3) + (4)	$	52,410,878	
			Dollar Change in Liability	Percent Change in Liability
6.	(Gain)/Loss Components			
	a. Census	$	919,273	1.8%
	b. Assumption Changes		(77,777)	(0.2%)
	c. Total: (6)(a) + (6)(b)	$	841,496	1.6%
7.	Actual June 30, 2011 Actuarial Accrued Liability: (5) + (6)(c)	**$**	**53,252,374**	

D. Reconciliation of Market Value of Assets

				June 30, 2010		June 30, 2011
1.	Market Value of Assets, Prior June 30		$	19,695,819	$	22,430,960
2.	Receipts					
	a.	Employer Contributions	$	170,000	$	170,000
	b.	Employee Contributions		1,267,508		1,271,262
	c.	Investment Income and Dividends Net of Fees		2,580,012		4,355,541
	d.	Security Lending Income Net of Fees		14,904		14,548
	e.	Net Transfers In		-		-
	f.	Miscellaneous Income		-		-
	g.	Total Receipts: (2)(a) + (2)(b) + (2)(c) + (2)(d) + (2)(e) + (2)(f)	$	4,032,424	$	5,811,351
3.	Disbursements					
	a.	Benefits Paid During the Year	$	1,162,603	$	1,391,384
	b.	Refund of Contributions and Interest		79,972		263,335
	c.	Administrative Expenses		54,708		77,765
	d.	Net Transfers Out		-		32,086
	e.	Miscellaneous Disbursements		-		-
	f.	Total Disbursements: (3)(a) + (3)(b) + (3)(c) + (3)(d) + (3)(e)	$	1,297,283	$	1,764,570
4.	Market Value of Assets, Current June 30: (1) + (2)(g) - (3)(f)		**$**	**22,430,960**	**$**	**26,477,741**
5.	Market Value of Assets Approximate Annual Rate of Investment Return			12.8%		19.2%

E. Reconciliation of Actuarial Value of Assets

1.	Market Value of Assets, June 30, 2010				$	22,430,960
2.	Market Value of Assets, June 30, 2011					26,477,741
3.	Expected Earnings/Expenses					
	a. Expected Investment Earnings at 7.00% on June 30, 2010 Market Value					1,570,167
	b. Receipts and Expected Investment Earnings at 7.00%					1,491,706
	c. Disbursements and Expected Investment Earnings at 7.00%					1,745,843
4.	Expected Assets, June 30, 2011: (1) + (3)(a) + (3)(b) - (3)(c)				$	23,746,990
5.	2010-2011 Gain/(Loss): (2) - (4)					2,730,751
6.	Smoothing of (Gain)/Loss					
		Year	Gain/(Loss)	% Unrecognized		
	a.	2010-2011	$ 2,730,751	75%		2,048,063
	b.	2009-2010	1,105,194	50%		552,597
	c.	2008-2009	(7,097,522)	25%		(1,774,381)
7.	Preliminary Actuarial Value of Assets, June 30, 2011: (2) - (6)(a) - (6)(b) - (6)(c)				$	25,651,462
8.	Corridor					
	a. 120% of Market Value					31,773,289
	b. 80% of Market Value					21,182,193
9.	Actuarial Value of Assets, June 30, 2011				**$**	**25,651,462**
10.	Actuarial Value of Assets as a Percent of Market Value: (9) / (2)					96.9%
11.	Actuarial Value of Assets Approximate Annual Rate of Investment Return					(1.0%)

F. Contribution Rate

			June 30, 2010		**June 30, 2011**
Development of Annual Required Contribution:					
1.	Current Payroll	$	21,016,094	$	18,081,976
2.	Normal Cost (Beginning of Year)				
	a. Amount	$	1,440,080	$	1,381,736
	b. Percentage of Payroll		6.85%		7.64%
3.	Unfunded Actuarial Accrued Liability (UAAL) Annual Amortizations				
	a. Amount	$	1,780,415	$	2,148,558
	b. Percentage of Payroll		8.47%		11.88%
4.	Expected Employee Contributions				
	a. Amount	$	1,260,966	$	1,084,919
	b. Percentage of Payroll		6.00%		6.00%
5.	Annual Required Contribution Rate (True Rate, Before Smoothing): (2)(b) + (3)(b) - (4)(b)		**9.32%**		**13.52%**
6.	Estimated Annual Required Contribution Amount				
	a. Fiscal Year Beginning		July 1, 2011		July 1, 2012
	b. Anticipated Payroll: (1) x [(1 + 4.0%)]	$	21,856,738	$	18,805,255
	c. Amount: (5) x (6)(b) [1,2]	**$**	**2,037,048**	**$**	**2,542,470**
Development of Funding Rate:					
7.	Prior Year Actual Rate		8.00%		
8.	Difference between True Rate and Prior Year Actual Rate: (5) - (7)		1.32%		
9.	One-half of difference in (8) rounded up to the next quarter percent		0.75%		
10.	Smoothed Rate: [(7) + (9), not less than (7)]		8.75%		
Approved Funding Amount:					
		$	**1,838,908**	**$**	**2,542,470**

[1] Since the fiscal year to which contributions apply begins one year after the valuation date, the Annual Required Contribution Amount is estimated by assuming payroll will increase 4.00% per year and then applying the Annual Required Contribution Rate computed at the valuation date.

[2] PARF is a State appropriated fund. Employer Contributions are expected to be paid by the State of Indiana.

G. Unfunded Actuarial Accrued Liability Amortization Schedule [1]

	Date Base Established	Reason		Remaining Unfunded	Remaining Period		Amortization Amount
1.	6/30/2009	Fresh Start	$	17,708,540	26	$	1,399,488
2.	6/30/2010	Actuarial Experience and Changes in Actuarial Assumptions		5,004,283	29		380,927
3.	6/30/2011	Actuarial Experience and Changes in Actuarial Assumptions		4,888,089	30		368,143
	Total		$	27,600,912		$	2,148,558

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

H. Approximate Investment Return for Year Ending June 30, 2011

		Market Value of Assets	Actuarial Value of Assets
1.	Balance, beginning of year	$ 22,430,960	$ 26,166,326
2.	Balance, end of year	26,477,741	25,651,462
3.	Total increase: (2) - (1)	4,046,781	(514,864)
4.	Contributions and Transfers In	1,441,262	1,441,262
5.	Benefit payments and Transfers Out	1,686,805	1,686,805
6.	Net additions: (4) - (5)	(245,543)	(245,543)
7.	Net investment increase: (3) - (6)	4,292,324	(269,321)
8.	Average assets: [(1) + (2) - (7)] / 2	22,308,189	26,043,555
9.	Approximate rate of return: (7) / (8) [1]	19.2%	(1.0%)

I. Historical Investment Experience

1.	2.	3.	4.
	Approximate Annual Rate of Investment Return		Actuarial Assumed
Year Ending June 30	Market Basis	Actuarial Basis	Interest Rate
2003	4.5%	(1.2%)	
2004	16.0%	3.1%	
2005	9.4%	6.4%	
2006	10.2%	14.4%	
2007	17.9%	15.4%	7.25%
2008	(8.1%)	8.2%	7.25%
2009	(21.4%)	(1.0%)	7.25%
2010	12.8%	(1.9%)	7.25%
2011	19.2%	(1.0%)	7.00%

[1] Net of expenses.

ACCOUNTING

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #25 AND #27

A. Assumptions and Methods Under GASB #25 and #27

Under the Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 27, certain information about the plan is required to be disclosed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Amortization Method	Level Dollar
Amortization Period	30 Years, Closed
Actuarial Value of Assets	4-Year Smoothed Market Value with 20% Corridor
Actuarial Assumptions:	
Investment Rate of Return	7.0%
Future Salary Increases	4.0% (includes 3.0% wage inflation)
Cost-of-Living Increases	N/A

B. Membership Data

The plan consisted of the following membership as of June 30, 2011, the date of the latest actuarial valuation:

Retired members, beneficiaries and disabled members receiving benefits:	76
Terminated vested plan members entitled to but not yet receiving benefits:	85
Terminated non-vested plan members entitled to refund of ASA balance:	177
Active Plan Members:	212
Total membership:	550

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #25 AND #27 (CONTINUED)

C. Statement of Plan Net Assets

1.	Assets				
	a.	Cash and Cash Equivalents		$	3,035,630
	b.	Securities Lending Collateral			-
	c.	Receivables			
		i.	Contributions Receivable	$	68,238
		ii.	Accrued Investment Income		80,630
		iii.	Receivables for Investment Securities		1,016,439
		iv.	Member Loans		-
		v.	Miscellaneous Receivables		1,294
		vi.	Due From Other Governmental Plans		-
		vii.	Due From Other Funds		-
		viii.	Total Receivables	$	1,166,601
	d.	Investments			
		i.	Debt Securities	$	6,985,312
		ii.	Equity Securities		10,680,112
		iii.	Mutual Funds		1,239,152
		iv.	Other Investments		5,413,921
		v.	Total Investments	$	24,318,497
	e.	Capital Assets			-
	f.	Total Assets: (1)(a) + (1)(b) + (1)(c)(viii) + (1)(d)(v) + (1)(e)		$	28,520,728
2.	Liabilities				
	a.	Accounts Payable		$	2,988
	b.	Salaries and Benefits Payable			-
	c.	Investments Payable			1,817,735
	d.	Securities Lending Collateral			-
	e.	Due To Other Governmental Plans			-
	f.	Due To Other Funds			222,264
	g.	Total Current Liabilities		$	2,042,987
	h.	Compensated Absences - Long Term			-
	i.	Total Liabilities: (2)(a) + (2)(b) + (2)(c) + (2)(d) + (2)(e) + (2)(f) + (2)(g) + (2)(h)		$	2,042,987
3.	Net Assets Held in Trust for Pension Benefits: (1)(f) - (2)(i)			**$**	**26,477,741**

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #25 AND #27 (CONTINUED)

D. Statement of Changes in Plan Net Assets

1.	Net Assets as of June 30, 2010		$	22,430,960
2.	Revenue (Additions)			
	a.	Contributions		
		i. Member Contributions	$	1,271,262
		ii. Employer Contributions		170,000
		iii. Other Contributions		-
		iv. Total Contributions	$	1,441,262
	b.	Investment Income/Loss		
		i. Investment Income/Loss	$	4,509,259
		ii. Securities Lending Income		19,377
		iii. Securities Lending Expenses		(4,829)
		iv. Other Investment Expenses		(153,718)
		v. Net Investment Income	$	4,370,089
	c.	Other Additions		
		i. Intergovernmental Transfers	$	-
		ii. Miscellaneous Income		-
		iii. Total Other Additions	$	-
	d.	Total Revenue (Additions): (2)(a)(iv) + (2)(b)(v) + (2)(c)(iii)	$	5,811,351
3.	Expenses (Deductions)			
	a.	Pension and Disability Benefits	$	1,391,384
	b.	Death, Survivor, and Funeral Benefits		-
	c.	Distributions of Contributions and Interest		263,335
	d.	Intergovernmental Transfers		32,086
	e.	Pensions Relief Distributions		-
	f.	Local Unit Withdrawals		-
	g.	Administrative Expenses		77,765
	h.	Total Expenses (Deductions): (3)(a) + (3)(b) + (3)(c) + (3)(d) + (3)(e) + (3)(f) + (3)(g)	$	1,764,570
4.	Changes in Net Assets Held in Trust for Pension Benefits: (2)(d) - (3)(h)		$	4,046,781
5.	Net Assets as of June 30, 2011: (1) + (4)		**$**	**26,477,741**

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #25 AND #27 (CONTINUED)

E. Schedule of Funding Progress [1]

($ in Thousands)

1. Actuarial Valuation Date June 30	2. Actuarial Value of Assets	3. Actuarial Accrued Liability (AAL)	4. Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	5. AAL Funded Ratio (2) / (3)	6. Current Payroll	7. UAAL as a % of Payroll (4) / (6)
2006	$ 20,053	$ 29,184	$ 9,131	68.7%	$ 19,225	47.5%
2007	23,815	32,052	8,237	74.3%	18,092	45.5%
2008	26,350	38,069	11,719	69.2%	20,617	56.8%
2009	26,467	44,632	18,165	59.3%	20,782	87.4%
2010	26,166	49,174	23,007	53.2%	21,016	109.5%
2011	25,651	53,252	27,601	48.2%	18,082	152.6%

F. Schedule of Employer Contributions [1]

($ in Thousands)

1. Plan Year Ending June 30	2. Annual Required Contribution (ARC)	3. Actual Employer Contribution	4. % of ARC (3) / (2)
2006	$ 952	$ 170	17.9%
2007	1,044	190	18.2%
2008	1,040	170	16.3%
2009	1,340	170	12.7%
2010	1,663	170	10.2%
2011	1,960	170	8.7%

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

REQUIRED SUPPLEMENTARY INFORMATION UNDER GASB #25 AND #27 (CONTINUED)

G. Development of Net Pension Obligation (NPO) [1]

($ in Thousands)

1. Plan Year Ending June 30	2. Annual Required Contribution (ARC)	3. Interest on NPO at Discount Rate	4. ARC Adjustment (9) / (5)	5. Amortization Factor	6. Net Pension Cost (NPC) (2) + (3) - (4)	7. Actual Employer Contribution	8. Change in NPO (6) - (7)	9. NPO at Beginning of Year	10. NPO at End of Year (8) + (9)
2009	$ 1,340	$ 247	$ 284	11.9812	$ 1,303	$ 170	$ 1,133	$ 3,400	$ 4,533
2010	1,663	329	383	11.8498	1,609	170	1,439	4,533	5,972
2011	1,960	418	481	12.4090	1,897	170	1,727	5,972	7,699

H. Three-Year Trend Information [1]

($ in Thousands)

1. Plan Year Ending June 30	2. Net Pension Cost (NPC)	3. Actual Employer Contribution	4. % of NPC (3) / (2)
2009	$ 1,303	$ 170	13.0%
2010	1,609	170	10.6%
2011	1,897	170	9.0%

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

I. Solvency Test [1]

Portion of Actuarial Liability Provided by Assets
($ in Thousands)

1. As of June 30	2. ASA Balances	3. Retired and Beneficiaries	4. Non-Retired Members (Employer Financed Portion)	5. Total Actuarial Accrued Liabilities	6. Actuarial Value of Assets
2005	$ 13,132	$ 2,303	$ 10,309	$ 25,744	$ 16,876
	100.0%	100.0%	14.0%	65.6%	
2006	14,893	2,252	12,039	29,184	20,053
	100.0%	100.0%	24.2%	68.7%	
2007	16,014	3,192	12,846	32,052	23,815
	100.0%	100.0%	35.9%	74.3%	
2008	17,428	5,173	15,468	38,069	26,350
	100.0%	100.0%	24.2%	69.2%	
2009	19,239	10,384	15,009	44,632	26,467
	100.0%	69.6%	0.0%	59.3%	
2010	20,999	12,557	15,618	49,174	26,166
	100.0%	41.1%	0.0%	53.2%	
2011	21,592	16,806	14,854	53,252	25,651
	100.0%	24.2%	0.0%	48.2%	

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

CENSUS DATA

A. Reconciliation of Participant Data

	Actives	Inactive Non-Vested ASA Balance	Inactive Vested	Disabled	Retired	Beneficiary	Total
Total as of June 30, 2010	217	177	74	1	51	6	526
New Entrants	37	-	-	-	-	-	37
Rehires	10	(4)	(6)	-	-	-	-
Non-Vested Terminations	(19)	19	-	-	-	-	-
Vested Terminations	(23)	-	23	-	-	-	-
Retirements	(8)	(2)	(7)	-	17	-	-
Disablements	-	-	-	-	-	-	-
Death with Beneficiary	-	-	-	-	-	-	-
Death without Beneficiary	-	-	-	-	-	(1)	(1)
Refunds	(1)	(13)	-	-	-	-	(14)
Data Adjustments	(1)	-	1	-	2	-	2
Total as of June 30, 2011	212	177	85	1	70	5	550

B. Census Information

		June 30, 2010	June 30, 2011
1.	Active		
	a. Number	217	212
	b. Average Age	48.4	48.0
	c. Average Years of Service	9.7	9.0
	d. Covered Payroll of Actives	$ 21,016,094	$ 18,081,976
2.	Inactive - Vested		
	a. Number	74	85
	b Average Age	56.4	54.9
	c. Average Years of Service	12.0	12.3
3.	Inactive - Non-Vested [1]		
	a. Number	177	177
4.	Retiree/Beneficiary/Disabled		
	a. Number	58	76
	b. Average Age	69.2	69.1
	c. Annual Benefits Payable	$ 1,201,488	$ 1,617,923

[1] For June 30, 2011, inactive non-vested members entitled to a refund of their ASA account have balances totaling $3,072,232.

C. Schedule of Active Member Valuation Data [1]

1. As of June 30	2. Active Members	3. Annual Payroll ($ in Thousands)	4. Average Pay (3) / (2)	5. Annual Percent Increase
2005	220	$ 16,659	$ 75,723	7.0%
2006	218	19,225	88,188	16.5%
2007	206	18,092	87,825	(0.4%)
2008	209	20,617	98,646	12.3%
2009	221	20,782	94,036	(4.7%)
2010	217	21,016	96,848	3.0%
2011	212	18,082	85,292	(11.9%)

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

D. Schedule of Retirees, Beneficiaries, and Disabled Members [1]

1.	2.	3.	4.	5.	6.	7.	8.	9.
	Added		Removed		End of Year [2]			
Fiscal Year Ending June 30	Number	Annual Allowances ($ in Thousands)	Number	Annual Allowances ($ in Thousands)	Number	Annual Allowances ($ in Thousands)	% Increase in Annual Allowances	Average Annual Allowances
2005	-	$ -	-	$ -	18	$ 249	(3.0%)	$ 13,831
2006	-	-	-	-	18	249	0.1%	13,850
2007	4	121	2	32	20	338	35.6%	16,905
2008	7	207	1	14	26	522	54.3%	20,068
2009	26	536	2	26	50	1,032	97.8%	20,636
2010	9	187	1	16	58	1,201	16.4%	20,715
2011	19	473	1	16	76	1,618	34.7%	21,288

[1] Valuation results prior to June 30, 2010 were calculated by the prior actuary.

[2] End of year annual allowances are not equal to the prior end of year annual allowances plus additions and less removals because of reductions for beneficiary benefits, data changes, and cost-of-living increases.

SECTION IV - CENSUS DATA

E. Distribution of Active Members by Age and Service

Attained Age	Distribution of Active Members by Age and Service as of June 30, 2011										
	Under 1 year	1 to 4 years	5 to 9 years	10 to 14 years	15 to 19 years	20 to 24 years	25 to 29 years	30 to 34 years	35 to 39 years	Over 40 years	Total
<25											
25-29	4										4
30-34	7	8	1								16
35-39	7	13	8	1							29
40-44	4	9	14	10	3						40
45-49	5	4	9	6	6						30
50-54	3	2	4	10	5	4					28
55-59	1	3	8	4	7	8					31
60-64	3	1	8	5	2	5			1		25
65-69	1	2	2	2			1				8
70&Up			1								1
Total	35	42	55	38	23	17	1		1		212

F. Distribution of Inactive Vested Members by Age and Service

Attained Age	Distribution of Inactive Vested Members by Age and Service as of June 30, 2011							
	Under 5 years	5 to 9 years	10 to 14 years	15 to 19 years	20 to 24 years	25 to 29 years	Over 30 years	Total
<25								
25-29								
30-34								
35-39				1				1
40-44	1	1	6	1				9
45-49		1	4	3	3			11
50-54			8	4	5			17
55-59	3		3	6	2	2	3	19
60-64	9	1	2	4	4	1	1	22
65-69	4		1			1		6
70&Up								
Total	17	3	24	19	14	4	4	85

G. Distribution of Retired Members, Beneficiaries, and Disabled Members by Age and Number of Years Retired [1]

Attained Age	Distribution of Retired Members, Beneficiaries, and Disabled Members by Age and Number of Years Retired as of June 30, 2011							
	Under 5 years	5 to 9 years	10 to 14 years	15 to 19 years	20 to 24 years	25 to 29 years	Over 30 years	Total
<40								
40-44								
45-49								
50-54			1					1
55-59								
60-64	10							10
65-69	40	2	1					43
70-74	3	4	3	1				11
75-79			3	2	1			6
80-84				4				4
85-89				1				1
90&Up								
Total	53	6	8	8	1			76

[1] 13 members do not have a date of retirement. For these members we assumed they retired at the earlier of June 30, 2011 and 65.

H. Schedule of Benefit Recipients by Type of Benefit Option

	Number of Benefit Recipients by Benefit Option as of June 30, 2011				
Amount of Monthly Benefit	Retiree Single Life Annuity	Retiree 50% Joint and Survivor Annuity	Survivors	Disability	Total
$ 1 - 500	1	5	2	0	8
501 - 1,000	2	12	2	0	16
1,001 - 1,500	1	15	0	0	16
1,501 - 2,000	0	5	1	1	7
2,001 - 3,000	0	15	0	0	15
over 3,000	2	12	0	0	14
Total	6	64	5	1	76

I. Schedule of Average Benefit Payments as of June 30, 2011 [1]

	Years of Credited Service							
	0-4	5-9	10-14	15-19	20-24	25-29	30+	Total
Average Monthly Defined Benefit	$ 1,689	$ 1,062	$ 1,413	$ 1,831	$ 2,252	$ 2,219	$ 2,615	$ 1,774
Average Final Average Salary		$ 58,939	$ 55,721	$ 69,668	$ 79,113	$ 95,745	$ 101,967	$ 68,573
Number of Benefit Recipients	13	4	20	20	12	4	3	76

[1] For some members average salary at retirement and years of credited service was not available. The average salary for each group excludes these members. Members with credited service information that is missing are counted in the "0-4" group.

ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

The assumptions used in the valuation were selected and approved by the INPRS Board of Trustees. The demographic assumptions are reviewed every five years through a study of actual experience. In this way, the actuary provides guidance to the Board in selecting the assumptions. The actuary and other economic and investment professionals also provide advice to the Board for selecting the economic assumptions. In our opinion, the assumptions are reasonable for purposes of this valuation.

Interest Rate / Investment Return	7.0% (net of administrative and investment expenses)
Interest on Member ASA Balances	5.5% per year
Future Salary Increases	4.0% per year
Inflation	3.0% per year
Cost of Living Increases	N/A
Mortality (Healthy and Disabled)	2008 IRS Static Mortality projected five (5) years with Scale AA
Disability	Illustrative rates shown below:

Age	Male	Female
20	0.0067%	0.0050%
30	0.0208%	0.0158%
40	0.0646%	0.0496%
50	0.2005%	0.1556%
60	0.6220%	0.4881%
70	0.1000%	0.1000%
71+	0.0000%	0.0000%

A. Actuarial Assumptions (continued)

Termination	10% per year for all members prior to retirement eligibility.
Retirement	Based on 2005 - 2010 experience. Rates shown below:

Age	Rate
62	20.00%
63	20.00%
64	20.00%
65	100.00%

Decrement Timing	Decrements are assumed to occur at the beginning of the year.
Spouse/Beneficiary	90% of participants are assumed either to be married or to have a dependent beneficiary. Males are assumed to be three (3) years older than their spouses.
Data Assumptions	Actives and inactives with either no date of birth and/or no gender are assumed to be age 53 and/or male. Spouse gender is assumed to be the opposite gender of the member.
	Retirees and disabled members that are not married and do not have a retirement option listed are assumed to elect a single life annuity. Retirees and disabled members that are married and do not have a retirement option listed are assumed to be receiving a 50% joint and survivor annuity. Beneficiaries that do not have a retirement option listed are assumed to receive monthly payments for life.
Changes in Assumptions	For the June 30, 2011 valuation, the Board approved the following assumption changes:
	- The retirement rates were increased to 20% for ages 62 - 64 to reflect recent experience.

B. Actuarial Methods

The actuarial methods used in this valuation were selected and approved by the Board. In general, the methods provide orderly funding of all benefits being accrued, as well as unfunded past-service benefit liabilities, over a period of thirty years. However, the smoothing method employed in determining the Actuarial Value of Assets may accelerate or lengthen the effective funding period, depending on whether gains or losses are experienced. In our opinion, the actuarial methods are reasonable for the purposes of this valuation.

1. Actuarial Cost Method

   The actuarial cost method is Entry Age Normal - Level Percent of Payroll.

   The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date.

   Gains and losses occurring from census experience different than assumed, assumption changes, and benefit changes are amortized over a 30-year period with level payments each year. A new gain or loss base is established each year based on the additional gain or loss during that year and that base is amortized over a new 30-year period. The purpose of the method is to give a smooth progression of the costs from year to year and, at the same time, provide for an orderly funding of the unfunded liabilities.

2. Asset Valuation Method

   Actuarial Value of Assets is equal to a four-year smoothing of gains and losses on the Market Value of Assets, subject to a 20% corridor.

3. Changes in Actuarial Methods

   At the December 16, 2011 meeting, the Board resolved to discontinue the use of the contribution rate smoothing rules.

SUMMARY OF PLAN PROVISIONS

SECTION VI - SUMMARY OF PLAN PROVISIONS

A. Summary of Plan Provisions

The benefit provisions for PARF are set forth in IC 33-39-7. A summary of those defined pension benefit provisions is presented below:

Participation	All individuals serving as a prosecuting attorney or chief deputy prosecuting attorney in Indiana on or after January 1, 1990.

Eligibility for Defined Pension Benefits

a.	Normal Retirement	Age 65 with 8 or more years of creditable service
b.	Early Retirement	Age 62 with 8 or more years of creditable service
c.	Late Retirement	Subject to continued employment after normal retirement
d.	Disability Retirement	5 or more years of creditable service and qualify for Social Security disability benefits or federal Civil Service disability benefits
e.	Termination	8 or more years of creditable service and no longer active (i.e. vested inactive)
f.	Pre-Retirement Death	8 or more years of creditable service

A. Summary of Plan Provisions (continued)

Amount of Benefits

a. Normal Retirement

The normal retirement benefit is a monthly annuity payable for life with a 50% continuation (or $7,000 annually, if greater) to a surviving spouse or surviving dependent children. The benefit is equal to a percentage of earnings[1] in accordance with the following table:

Years of Service	Percentage
less than 8	0%
8	24%
9	27%
10	30%
11	33%
12	50%
13	51%
14	52%
15	53%
16	54%
17	55%
18	56%
19	57%
20	58%
21	59%
22 or more	60%

The benefit is reduced by the pension, if any, payable from PERF.

[1] Earnings is the highest annual salary attributable to service as a prosecuting attorney or chief deputy at the time of separation from service. Amounts paid to a participant by a county or counties are not included.

A. Summary of Plan Provisions (continued)

Amount of Benefits (continued)

b. Early Retirement — The early retirement benefit is the accrued retirement benefit determined as of the early retirement date and payable commencing at the normal retirement date. A participant may elect to have the benefit commence prior to normal retirement provided the benefit is reduced by 0.25% for each month that the benefit commencement date precedes the normal retirement date. The benefit is reduced by the pension, if any, payable from PERF.

c. Late Retirement — The late retirement benefit is calculated in the same manner as the normal retirement benefit. The benefit is reduced by the pension, if any, payable from PERF.

d. Disability Retirement — The disability retirement benefit is payable for the duration of the disability commencing the month following disability date without reduction for early commencement. The amount of monthly benefit shall be equal to a percentage of average monthly earnings in accordance with the following table:

Years of Service	Percentage
Less than 5	0%
5 - 10	40%
11	41%
12	42%
13	43%
14	44%
15	45%
16	46%
17	47%
18	48%
19	49%
20 or more	50%

The benefit is reduced by the pension, if any, payable from PERF.

A. Summary of Plan Provisions (continued)

Amount of Benefits (continued)

e. Termination	The termination benefit is the accrued retirement benefit determined as of the termination date and payable commencing as of the normal retirement date. The participant may elect to receive a reduced early retirement benefit. The benefit is reduced by the pension, if any, payable from PERF.
f. Death	The spouse or dependent beneficiary is entitled to receive 50% of the monthly life annuity the participant was receiving or was entitled to receive (or $7,000 annually, if greater) under the assumption that the participant retired on the later of age 62 or the day before the date of death. The benefit is reduced by the pension, if any, payable from PERF.
Member Contributions	Each member is required to contribute to the Fund at the rate of 6% of pay. These contributions are kept on deposit and credited with interest until such time as they are refunded or used to provide the annuity benefit at retirement.
Forms of Payment	
a. Single Life Annuity	Member will receive a monthly benefit for life, but there are no monthly payments to anyone after death.
b. Joint with One-Half Survivor Benefits	Member will be paid a monthly benefit for life. After death, one-half (1/2) of the benefit will be paid to the spouse for their lifetime or the dependent until age 18.
Withdrawal from Fund	If member's employment is terminated prior to eligibility for a retirement annuity, the member may withdraw their contributions from the Fund.
Changes in Provisions	No changes since prior valuation.

SECTION VII - DEFINITIONS OF TECHNICAL TERMS

Definitions of Technical Terms

SECTION VII - DEFINITIONS OF TECHNICAL TERMS

A. Definitions of Technical Terms

Actual Rate	For valuations prior to June 30, 2011, the contribution rate expressed as a percentage of covered payroll on an annual basis (not less than 0.0%) that is the result of applying applicable smoothing rules to the prior year Actual Rate and current year True Rate. For valuations beginning June 30, 2011, the contribution rate does not pertain to the smoothing rules previously applied.
Actuarial Accrued Liability (AAL)	That portion, as determined by a particular Actuarial Cost Method, of the Present Value of Future Benefits (PVFB) and expenses which is not provided for by future Normal Costs. Generally this means the portion of the PVFB attributable to past service.
Actuarial Assumptions	Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided pension benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.
Actuarial Cost Method	A procedure for determining an actuarially equivalent allocation of the Present Value of Future Benefits to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.
Actuarially Equivalent	A method of making the actuarial present value of two series of payments equal as of a given date using the same assumptions.
Actuarial Gain/(Loss)	The difference between actual unfunded Actuarial Accrued Liability and anticipated unfunded Actuarial Accrued Liability — during the period between two valuation dates. It is a measurement of the difference between actual and expected experience.
Actuarial Present Value	The single amount now that is equal to a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest and by probabilities of payment.
Actuarial Valuation	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

A. Definitions of Technical Terms (continued)

Actuarial Valuation Date	The date as of which an actuarial valuation is performed.
Amortization	The payment of a present value financial obligation on an installment basis over a future number of years.
Annual Required Contribution of the Employer (ARC)	The employer's periodic required contributions to a defined benefit pension plan, calculated in accordance with the plan provisions, actuarial assumptions, actuarial cost method and other actuarial method prescribed by Governmental Accounting Standards No. 25 and No. 27.
Creditable Service	Service credited under the system that was rendered before the date of the actuarial valuation.
Funding Policy	The program for the amounts and timing of contributions to be made by plan members, employer, and other contributing entities (for example, state government contributions to a local government plan) to provide the benefits specified by a pension plan.
Level Dollar Amortization Method	The amount to be amortized is divided into equal dollar amounts to be paid over a given number of years; part of each payment is interest and part is principal (similar to a mortgage payment on a building). Because payroll can be expected to increase as a result of inflation, level dollar payments generally represent a decreasing percentage of payroll; in dollars adjusted for inflation, the payments can be expected to decrease over time.
Normal Cost (NC)	That portion of the present value of future benefits which is allocated to a valuation year by the Actuarial Cost Method. The normal cost is specific to the cost method used.
Plan Assets	Resources, usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, or equivalent arrangement, in which (a) employer contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer(s) or plan administrator, for the payment of benefits in accordance with the terms of the plan.

A. Definitions of Technical Terms (continued)

Plan Members	The individuals covered by the terms of a pension plan. The plan membership generally includes employees in active service, terminated employees who have accumulated benefits but are not yet receiving them, and retired employees and beneficiaries currently receiving benefits.
Present Value of Future Benefits (PVFB)	Projected benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members upon retirement) as a result of their service through the valuation date and their expected future service. The actuarial present value of projected future benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment (taking into account mortality, turnover, probability of participating in plan retirement, etc.). Alternatively, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay the projected benefits when due.
True Rate	The precise actuarial contribution rate (not less than 0.0%) determined by summing the Normal Cost and amortization of unfunded Actuarial Accrued Liability and dividing by anticipated payroll.